conduct or extension of his business, and hence, instead of waiting to receive the payment when the bill matures or becomes payable, he presents it to a bill-broker for discount. The broker then hands him the amount expressed in the bill, after deducting interest at the prevailing rate for the period which must elapse before the bill falls due.

The necessity of a division of skilled labour in the complicated business of finance has created this specialised class of dealers. A banker cannot afford the time from the administration of his ordinary business to keep himself minutely acquainted with the character. and solvency of merchants between whom these documents circulate in the (representative) payment of indebtedness; but the bill-broker makes it his special vocation to watch vigilantly the history of men and firms; the soundness or riskiness of the commercial transactions in which they engage; the changes which occur from time to time in their financial position, and, generally, the extent to which they can be trusted (the standard of credit they possess) in the fulfilment of their obligations. For obviously, the worth or valuelessness of the Bill (or security) depends upon these conditions. They are thus enabled to distinguish sound bills from inferior ones —those, in short, which (from the character and reputation of the drawer and those on whom he draws) represent real transactions (the delivery and existence of goods of equivalent value), or the reverse.

As the broker must be prepared to discount approved bills to practically any amount, he borrows funds from the bankers on the security of bills, or sells to them a portion of bis stock of bills. In the last resort, when sufficient advances cannot be obtained from the banks (which perhaps are, at the time, preparing for the payment of their own dividends, or the interest upon Colonial and Corporation Stocks which they manage, and require accordingly to strengthen their balances) he must apply to the Bank of England for resources. His relation accordingly to the variations of prices on the Stock Exchange consists

in supplying immediate capital which may partly proceed to the purchase of securities when money is cheap (that is, when the rate of interest is low) and trade